

10-1918

Accountants and the Food Administration

Herbert G. Stockwell

Follow this and additional works at: <https://egrove.olemiss.edu/jofa>



Part of the [Accounting Commons](#)

Recommended Citation

Stockwell, Herbert G. (1918) "Accountants and the Food Administration," *Journal of Accountancy*. Vol. 26: Iss. 4, Article 3.

Available at: <https://egrove.olemiss.edu/jofa/vol26/iss4/3>

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Journal of Accountancy by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Accountants and the Food Administration*

BY HERBERT G. STOCKWELL, C.P.A.

I am of the opinion that every member of the American Institute of Accountants will voluntarily fix or will have to fix his private practice at the absolute minimum and the contribution of his services at the absolute maximum in an effort to win this war. I think that after the next six months we shall see a different condition than now prevails. I think that business then will become more nearly normal; but during the next six months we should look about us to discover some way by which our particular services may constitute a punch toward the closing up of the war business and the resumption of the country's normal activities.

Of all the various services called for from accountants in aid of our national government in its prosecution of the war, there is none more intricate and with greater possibilities for future as well as present benefit to the American people than that offered by the United States food administration. The officers at Washington are organizing in every state a division of the food administration comparable to what in the Pennsylvania organization we call the "division of auditing." I was urgently invited to organize this division, and am, therefore, in a position to know something about its condition, purposes, accomplishments and hopes. We are authorized to employ a staff of paid accountants, the compensation being measured by the value of the service rendered.

The basic idea of the service to be performed by the auditing division is that its traveling auditors are better equipped than any other officers or assistants in the administration to ascertain facts from the books of concerns against which complaints have been lodged. Founded on that basis, the service is further extended to the examination of accounts of concerns at unexpected visits, under a plan somewhat similar to that of national bank examiners' visits to national banking institutions; but beyond these primary purposes, there is a deeper economic and social service which accountants may render in two directions:

*A. paper read at the annual meeting of the American Institute of Accountants, Atlantic City, New Jersey, September 17, 1918.

Accountants and the Food Administration

First, we are making an effort to determine what are fair margins of profit for the various classes of business men who handle foods, from the farmer to the consumer, taking into consideration present expenses of all kinds, as compared with those existing prior to the war.

Second, there is the educational side, the part which the division of auditing plays being the instruction of the various classes of food manufacturers and merchants in methods of bookkeeping, where such methods or lack of methods create conditions wherein it is impossible for the proprietor himself to determine where he stands in relation to himself, his creditors, his customers or his country. In this effort, it is not intended, nor would it be desirable for the division, to prepare complete bookkeeping systems for each or any of the various classes of food handlers.

It is among those, such as, for example, the retail grocer who is usually known as the corner grocer, that simple instruction is helpful. From tests made and from information obtained we know that most retail grocers keep no books whatever and have no information regarding their business facts as expressed in assets and liabilities, sales for any given period, purchases, inventory, gross profits, expenses and net profit.

The far reaching importance of improvements among corner grocers will be seen when it is recognized that the corner grocer is to many people the first contact they have with business principles. If the corner grocer is slovenly, tricky, inaccurate in his accounts and his business relations with the consumer, the effect is far different from what it would be if he, the pioneer of business so far as many consumers are concerned, represented good business principles and good accounting, even though expressed in the simplest terms.

On the other hand, the corner grocer, if accurate in simple accounting methods, improves his position toward the wholesaler, the banker and the manufacturer. In other words, a better tone all the way through the business fabric may be created by the installation of simple bookkeeping methods among this class of business men.

Every state has a federal food administrator, under direct authority and in close association with Mr. Hoover. Many of the state administrators, I have no doubt, would welcome the services of the members of our institute. In the food administra-

tion the division of auditing becomes important because so many things hinge upon the information possessed by the accountant as to general business facts and conditions prior to any individual examination and the trustworthiness of his conservative work after examination. These tend to create respect for the auditor by his associates in the administration. In other words, every member of this institute who becomes head of the division of auditing in his own state can create for himself, in the service of his country, a position in which he will be welcome as an associate, rather than a mere auditor or employee.

If he can manage his business so that a sufficient amount of time may be given to the food administration voluntarily and without compensation, the accountant will feel an ever-growing interest in his work, and that work is extremely important, because during the next six months, with the increasing number of men going to the front, and with increasing demands of the allies for food, every effort must be put forth for food conservation and for the elimination of profiteering.